

**Scottish Police Authority Finance Committee  
08 November 2017  
Minute of Public Meeting**

|                             |                                                            |                   |                                           |
|-----------------------------|------------------------------------------------------------|-------------------|-------------------------------------------|
| <b>Meeting</b>              | Scottish Police Authority Finance Committee Public Session | <b>Date/Venue</b> | 08 November 2017, Pacific Quay, Boardroom |
| <b>Meeting Called By</b>    | Elaine Wilkinson, Chair                                    | <b>Start Time</b> | 09:30                                     |
| <b>Reference Meeting No</b> | SPAFINCOMPUBLIC-005                                        | <b>End Time</b>   | 11.15                                     |

| <b>Members Present</b>                        |                         | <b>In Attendance</b>                          |                                                                               |
|-----------------------------------------------|-------------------------|-----------------------------------------------|-------------------------------------------------------------------------------|
| <b>Name</b>                                   | <b>Title</b>            | <b>Name</b>                                   | <b>Title</b>                                                                  |
| Elaine Wilkinson (EWilkinson)                 | Chair, Authority Member | David Page (DPage)                            | Deputy Chief Officer, Police Scotland                                         |
| Iain Whyte (IWhyte)                           | Authority Member        | James Gray (JGray)                            | Interim Chief Financial Officer, Police Scotland                              |
| Caroline Stuart (CStuart)                     | Authority Member        | Colette Sherry (CSherry)                      | Head of Commercial Services, Police Scotland                                  |
| Grant Macrae (GMacrae) (dialled into meeting) | Authority Member        | Peter Blair (PBlair) <i>left after item 4</i> | Head of Resource Management, Police Scotland                                  |
|                                               |                         | Fraser McLaren (FMclaren)                     | Interim Finance Transformation Lead, Police Scotland                          |
|                                               |                         | Ann Thomson (AThompson)                       | Ann Thomson, Head of Finance, Assets and Sponsorship Unit Scottish Government |
|                                               |                         | Helen Berry (HBerry)                          | Scott-Moncrieff, Internal Audit                                               |
|                                               |                         | Deborah Christie                              | Committee Co-ordinator, Scottish Police Authority                             |

**1. Opening Remarks (Elaine Wilkinson)****1.1 Welcome and Introduction**

1.1.1 The Chair welcomed attendees to the Public Session of the Finance Committee. The Chair welcomed both Craig Suttie, ASPS and Rose Mary Glackin, HMICS who would observe the Committee Meeting.

**1.2 Apologies (Elaine Wilkinson)**

1.2.1 Apologies were received from John Foley.

### **1.3 Declarations of Interest (Elaine Wilkinson)**

1.3.1 There were no declarations of interest.

### **1.4 Any Other Current Business (Elaine Wilkinson)**

1.4.1 There were no items of AOCB brought forward.

### **1.5 Committee Business Conducted Since Last Meeting (Elaine Wilkinson)**

1.5.1 There were no items of business conducted since the Finance Committee last met.

### **2.1 Approval of Minute of Public Finance Committee Meeting held 14<sup>th</sup> September 2017 (Elaine Wilkinson)**

2.1.1 Members agreed the Minute was an accurate reflection of the discussion on the 14<sup>th</sup> September 2017.

### **2.2 Summary of Business Conducted at Finance Committee Closed Session held 14<sup>th</sup> September 2017 (Elaine Wilkinson)**

2.2.1 Members noted the report.

### **2.3 Finance Committee Public Rolling Action Log Review (Elaine Wilkinson)**

2.3.1 Members noted the updates provided and the ongoing work in respect of ongoing actions.

2.3.2 In relation to action FC-PS-20170803-004, the Chair requested that Police Scotland try to improve their forward planning to ensure that the governance routes and timelines for the development of committee and board papers are established at an early stage to enable Committee deadlines to be met. DP accepted their processes were not working and accepted improvement was required which he assured Members would happen.

### **3. Matters Arising**

3.1 There were no matters arising.

### **4.1 17/18 Monthly Financial Performance Report (Q2) (James Gray)**

4.1.1 JGray provided a brief summary of the report which provided an update on the financial position as at 30 September 2017 and the projected outturn position for the financial year. JGray confirmed that the SPA budget was set with a revenue deficit of £47.2m and the current forecast was an overall underspend of £10.6m against that budget and the projected variance against budget at Quarter 2 decreases the forecast in-year deficit to £36.6m.

4.1.2 JGray clarified that the reported underspend had arisen due to a number of savings and one-off cost reduction proposals following a detailed financial review at Quarter 2.

4.1.3 JGray explained that work had been carried out to identify other capital investment opportunities that may enable additional expenditure relating to Policing 2026 objectives to be progressed in year and this had resulted in the revised forecast spend on the Capital Programme of £37.8m (net of optimism bias of £1.2m); an increase of 2.9m from the previous forecast of £34.9m.

4.1.4 With reference to the Reform Budget, JGray reported that the full year forecast spend was now £54.3m which represented a forecast underspend of £5.2m.

4.1.5 The Chair invited comments and questions from Members. Members sought clarity on the timescale for the i6 Compensation income. JGray advised that the matter was being actively managed and he was confident the income would be in the current financial year.

4.1.6 Members sought clarity on what had been done to assess the potential impacts on the delivery of service in relation to the budgeted VR/VER releases. DPage confirmed that Police Scotland was currently undertaking a review of this and it was being done with an awareness of the need to align the work with the development of Longer Term Strategy. DPage assured Members that any reductions in the short term would be consistent with the overall strategic direction of travel. It was noted that the intention was to engage with Professional Services support to allow a re-engineering the way the work was carried out. Members noted the plans and urged for this work to be done with an acute awareness of the timing in terms of how this would impact on not only the budget but also capacity to deliver services. DPage explained that he was aware of the need to communicate a clear message to line managers to ensure any risks were managed and any changes in what was expected was effectively communicated across the organisation.

4.1.7 Noting that a large amount of the reported underspend related to the non-filling of vacancies in staff posts, Members questioned what had been done to risk assess the non-filling of vacancies. JGray explained that the majority of the non-filling of posts had been in relation to additional 'critical posts' that had been built into the budget on top of the established posts. Members questioned why there were delays in filling the posts if they had been deemed 'critical'. DPage assured Members that the DCCs were content to manage the operational risks in relation to the vacant posts. Members requested clarity on the overall levels of risk, specifically in relation to the pace of recruitment within the Custody Function.

**ACTION FC-PS-20171108-001**

4.1.8 Members noted the ongoing work to address the Risks in the Custody area of the organisation and noted the assurance from DPage that he, the Chief Constable and DCC Fitzpatrick were content that the current operating model continued to manage the risk in that area. DPage advised Members that a huge amount of work had been done to establish the agreed operating model for the custody function. He agreed to provide Members with an overall timeline for the Custody Review Project which would give Members with an overall awareness of what work was planned and how this would mitigate the risks being faced in that function. **ACTION FC-PS-20171108-002**

4.1.9 Members questioned if anything could be done to increase the spend on property maintenance in the latter half of the year, acknowledging that there had been slippage due to delays in vetting of new contractors. CSherry explained that work had been done to assess priority areas and a realistic spend had been forecast. DPage assured Members that there was no active slowing of any improvement work and the mobilisation had taken longer than was anticipated which had led to some delays.

4.1.10 Members questioned what levels of confidence existed in relation to the Capital Spend for 2017/18 as only 10% of budget had been spent at the 6 month point in the year. JGray explained that the phasing of spend was not dissimilar to 2016/17 when the full spend took place. JGray assured Members that the Capital Spend would be an area of focus in the coming months and would continue to be closely monitored. JGray confirmed that no areas had been flagged to him by budget holders as giving concern at this stage. The Chair sought an assurance that the necessary work had been done to plan each line in the budgeted Capital Spend to assess the likelihood of spends taking place in the remainder of the financial year and to ensure that the required approvals process had been identified and scheduled. DPage confirmed it had been done and that the internal processes had been refreshed to ensure a smoother process. Members noted the update that Finance professionals would work alongside budget holders to improve and enhance the process.

4.1.11 Members stated that they need to have assurances on the likelihood of Capital and Reform Spend occurring in the current financial year as they had undertaken to advise Scottish Government colleagues if the projected spends were credible. DPage assured Members there was a list of alternative Capital Spends that would be utilised if any slippage occurred.

#### **4.1.12 Members noted the 17/18 Monthly Financial Performance Report (Q2)**

#### **4.2 Review of TOIL/Annual Leave Management (Peter Blair)**

4.2.1 PBlair explained that the paper had been submitted in respect of on-going Action FC-20170122-003 and had been brought forward to provide the Finance Committee with an update on the current TOIL and Annual Leave Management Process.

4.2.2 PBlair assured Members that work would continue to manage Officer and Staff TOIL/Annual Leave balances down with some progress having been seen. JGray highlighted that without a change in policy the levels will not see a significant decrease. Members agreed this issue could not continue indefinitely and noted in addition to financial implications there were potential wellbeing issues in relation to this matter.

4.2.3 The Chair commented that it was very useful to have the information to allow an awareness of the current situation and asked that PBlair undertake to ensure this was monitored by the People Committee as part of the regular reporting with any areas of concern with potential significant Financial Implications to be highlighted to Finance Committee. **ACTION FC-PS-20171108-003**

#### **4.2.4 Members noted the update provided.**

#### **4.3 Report on Officer/Staff Numbers by Rank/Grade and Numbers of Temporary Promotions (Peter Blair)**

4.3.1 PBlair explained that the paper had been submitted for noting in respect of Finance Committee Action FC-20170310-001. PBlair confirmed that, following a recent review, he was satisfied the organisation was not carrying any unnecessary Temporary Promotions and the Temporary Promotions were for justifiable reasons. PBlair explained that the majority of the Temporary Promotions were into established posts.

4.3.2 The Chair asked if the figures had been benchmarked against other organisations as the levels seemed higher than would be expected. PBlair explained there were a number of reasons as to why Temporary Promotions were used in the organisation and there had been attempts to benchmark against other forces but the required information wasn't readily shared. Members agreed they would like to see this data incorporated into the regular quarterly reports (tracked against budget) to the Finance Committee to provide oversight of the issue. **ACTION FC-PS-20171108-005**

#### **4.3.3 Members noted the update provided.**

#### **5.1 Internal Audit Report - Budget Setting**

5.1.1 The Chair commented that the following Internal Audit Reports had been brought forward to the Finance Committee at the request of the Chair of the Audit Committee. Members agreed that the reports highlighted the significant improvements in some areas and this was encouraging to see and the teams involved should be commended.

5.1.2 Members agreed the Finance Committee should review the recommendations contained within the Budget Setting report as part of their work to develop the 2018/19 budget to allow a triangulation of the work carried out and ensure the recommendations are being appropriately addressed. **ACTION FC-PS-20171108-006**

#### **5.1.3 Members noted the report.**

## **5.2 Internal Audit Report - Strategic Planning**

### **5.2.1 Members noted the report.**

## **5.3 Internal Audit Report - Commercial Excellence Programme**

### **5.3.1 Members noted the report.**

## **5.4 Internal Audit Report – ICT Service Delivery**

5.4.1 Members sought an update on the progress of the Recommendations in this regard noting that some of them had been pushed out to 2018.

5.4.2 DPage explained that he was aware of the risks in relation to ICT Delivery and it had been established that a fresh plan was required to develop the approach to ICT Delivery. Members noted this would continue to be monitored formally through the Audit Committee and would be supported by the Cyber and Technology Working Group.

### **5.4.3 Members noted the report.**

## **5.5 Internal Audit Report - Software Development Testing**

### **5.5.1 Members noted the report.**

## **5.6 Internal Audit Report - Non Pay Expenditure**

### **5.6.1 Members noted the report.**

## **6.1 Capital Planning Strategy (James Gray)**

6.1.1 JGray advised Members that the paper had been brought forward to provide attendees with an update on the development of the Capital Planning Strategy in respect of the Capital Budget setting process for financial year 2018/19.

6.1.2 DPage assured Members the planned work would be supported by improved processes, enhanced change management and additional resources. Members requested that any future Capital spend Business Cases being brought forward to the Finance Committee include a clear indication of the governance route which they had been through in Police Scotland as this would in turn provide Members with assurances. **ACTION FC-PS-20171108-007**

### **6.1.3 Members noted the update provided.**

## **7.1 British Transport Police Financial Update - Timeline Review (James Gray)**

7.1.1 JGray reported that due to the complexity of the work required and the specialist nature of due diligence, transition and integration process, it had been agreed internally that a procurement exercise will be undertaken to appoint an external Professional Services firm to undertake this work.

7.1.2 Members thanked JGray for the update however commented they had still not been provided with a timeline for the work that was planned which would hopefully provide some clarification of the many dependencies. Members were concerned that there was still no overall awareness of what was required and when the work was required by.

7.1.3 DPage updated attendees that work was ongoing through the Mobilisation Transition and Transformation (MTT) Programme Board to establish exactly what full integration meant. Members were also informed that an independent assessment of what risks existed had been commissioned by Police Scotland and the BTPA and this would provide a clearer picture. DPage confirmed that the MTT Programme would be in a position to clarify the position and the timeline when this work was completed and he anticipated having the

information by the end of the calendar year. DPage assured Members the MTT Programme were working to capture every cost associated with the work and this would include opportunity costs.

**7.1.4 Members noted the update provided.**

**8. Committee Work Plan (Elaine Wilkinson)**

8.1 It was agreed that JGray and CSherry would work with SPA Business Services to populate the Committee Work Plan for the coming months and financial year 2018/19 (*as captured in ongoing action FC-PS-20170803-004*). The Chair urged colleagues to ensure all matters that required Committee consideration be scheduled on the work plan as she wished to avoid the Committee considering matters by correspondence wherever possible.

**8.2 Members noted the Committee Work Plan.**

**9. AOCB**

9.1 No items of AOCB were brought forward.

***Public Session ended 1115 hrs***

End.